

**Top Secret** 219

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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 7 March 1978 CG NIDC 78/054C

DIA review(s) completed.

State Dept. review completed



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[REDACTED]

National Intelligence Daily Cable for Tuesday, 7 March 1978.

25X1 [REDACTED] The NID Cable is for the purpose of informing senior US officials.

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**ISRAEL-IRAN: Oil Vulnerability**

*[redacted] Israel's vulnerability to the Iranian oil embargo hinted at by the Shah last weekend is less than might at first seem apparent.*

*[redacted] The Shah publicly implied that he might consider embargoing oil exports to Israel in order to make the Israelis more flexible in peace negotiations. Israel relies on imports for all but a tiny fraction of the 140,000 barrels of oil it consumes per day. It gets 70 percent of its oil from Iran. It is, however, not as vulnerable as this would suggest.*

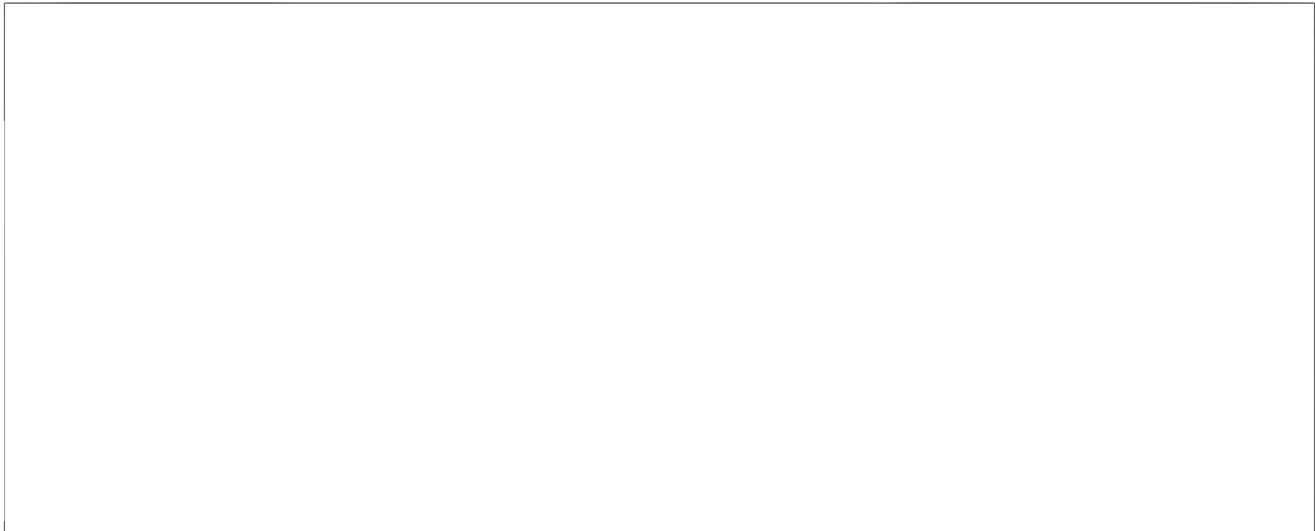
*[redacted] After the agreement with Egypt in 1975 that returned the Sinai oilfields to Cairo, Israel received nearly all of its crude from Iran. Subsequently it began importing oil from Mexico and other countries. Israel currently could satisfy its needs by buying oil on the spot market and relying on its stockpiles. It has a five-month supply at normal consumption rates.*

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[redacted] Equally important, Israel this month will begin commercial production at the rate of about 20,000 barrels per day at a new oilfield in the southern portion of the Gulf of Suez off the occupied Sinai. Preliminary Israeli estimates put production at this site at up to 80,000 barrels per day within a year or so. [redacted]

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#### CHAD-FRANCE: Military Involvement

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[redacted] [redacted] France

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*is reinforcing its military contingent in Chad. The French are sending an additional 360 men to the country, many of them in operational combat units. The men will help defend southern Chad against a rebel offensive if fighting resumes. The reinforcement is being carried out quietly in an attempt to avoid criticism from President Giscard's leftist political opponents, who have strongly attacked his activist African policy.//*

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[redacted] French hope to avoid drawing attention to the additional troops by sending them directly to towns in the south along the defensive line--Abeche, Ati, and Moussoro. The last, a key road junction and a probable target of a renewed rebel offensive, will receive more than 150 of the reinforcements, including a 130-man airborne commando unit supported by armored cars and armed jeeps. The French already have a small military advisory team in the town.//

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25X1 [ ] //Some 44 military advisers and two missile-armed helicopters are going to Abeche, where they will join a French commando company already in place. Abeche, the largest town in eastern Chad, has a sizable French civilian community that almost certainly would be endangered by renewed fighting.//

25X1 [ ] //In addition, several small French command and support units have already gone to Ndjamea, along with an Air Force detachment of four military transport aircraft and 40 Air Force personnel. An advisory team slated for use in Mongo and several other support units are said to be on standby in France. If all of the troops arrive in the country, the size of the French military presence there will more than double, to over 650 men.//

25X1 [ ] //Giscard still hopes to avoid any direct involvement in the fighting, but the quick collapse of Chadian forces during the fighting last month apparently has convinced him that France must play a more direct--if covert--role to defend the more heavily populated southern part of the country. [ ]

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#### GHANA: Problems in the Regime

25X1 [ ] Ghanaian leader General Acheampong is worried that his proposal for a nonparty form of government could be defeated in a national referendum on 30 March. Acheampong sees his vaguely defined concept of "union government"--a partnership between civilians and the military--as a way of ensuring that he continues in power as an elected president. His opponents may be gaining strength as they step up their campaign against the proposal.

25X1 [ ] The referendum is an outgrowth of Acheampong's promise to restore constitutional rule by July 1979. He made the commitment last summer in response to antigovernment demonstrations by student and professional groups.

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[ ] Popular support for Acheampong's proposal now seems to be eroding in at least some areas as a result of Ghana's continuing economic decline and of the opposition generated by the newly formed People's Movement for Freedom and Justice led by retired General Afrifa. Despite Acheampong's control of the government media and his ban on political rallies, Movement leaders are busy campaigning for a "no" vote and apparently are drawing good crowds in some places. Afrifa--a key participant in the coup that overthrew President Nkrumah in 1966 and a leader of the military regime that ruled until 1969--and other leaders of the opposition group advocate a return to civilian government based on party politics.

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[ ] Recent intensified campaigning by Acheampong and his colleagues on the ruling military council suggests he is concerned over the Movement's potential strength. If he concludes that the referendum might go against him, Acheampong may well manipulate the electoral process to try to ensure his victory.

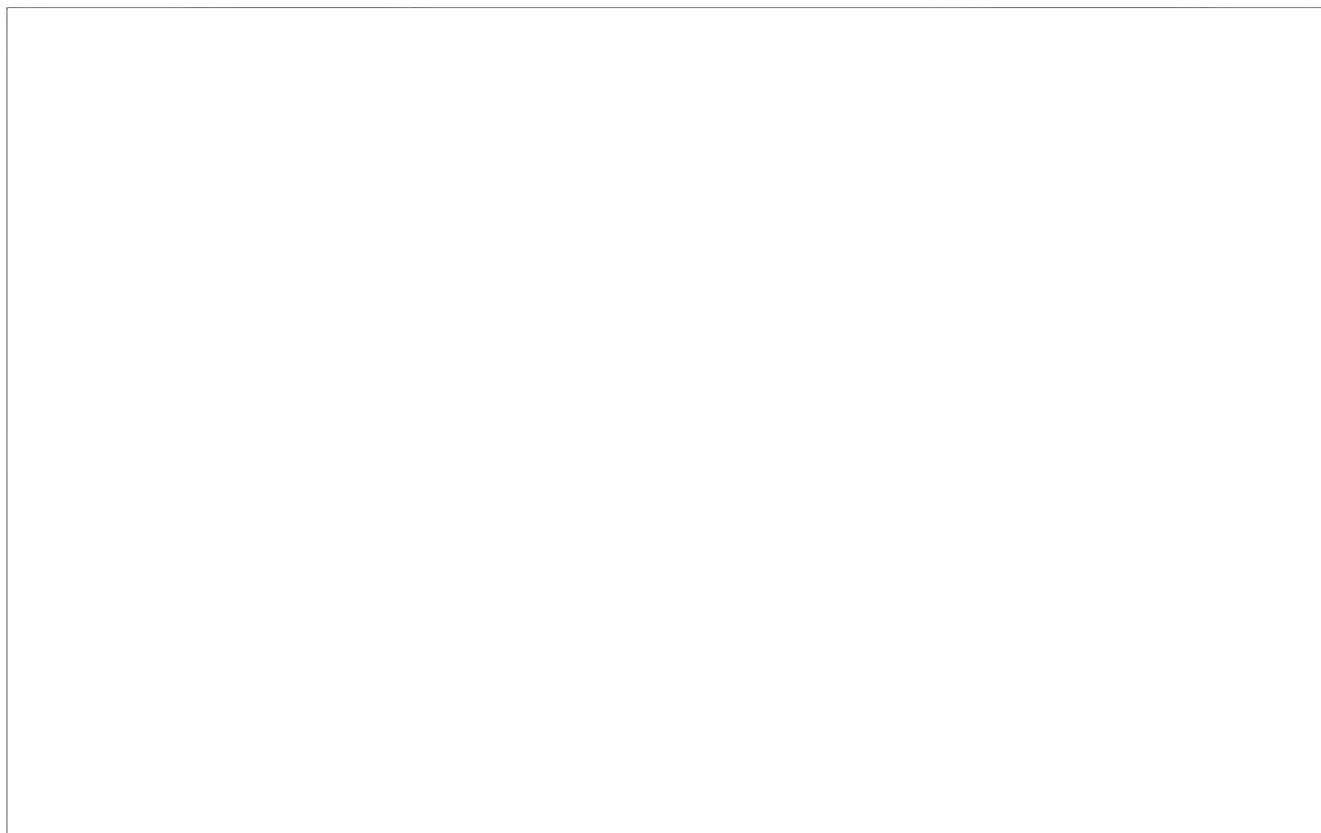
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#### EC-CANADA: Economic Cooperation


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 //EC Commission President Jenkins is in Canada this week to discuss trade issues and attend the second meeting of the EC-Canada Joint Cooperation Committee.//

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 //Under their 1976 economic and trade cooperation agreement, the EC and Canada have tried to remove trade barriers and have identified areas for cooperation such as uranium exploitation and nuclear energy, aerospace, telecommunications, nonferrous metals, and forest-based products.//

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 //The two parties have made little headway to date in expanding trade or investment, but their agreement emphasizes Canada's desire to lessen its dependence on the US by developing closer economic ties with other countries. The EC hopes to gain access to Canadian raw materials in order to be less vulnerable to the Third World suppliers. The agreement with Canada offers the EC a model for future links to other resource-rich countries like Australia.//

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**SWEDEN-USSR: Missile Submarines**

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[redacted] Sweden last week criticized the USSR for stationing ballistic missile submarines in the Baltic Sea. [redacted]

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[redacted] The demarche probably was prompted by Swedish concern over Soviet policy toward Scandinavia and is also related to the domestic Swedish debate on production and deployment of the neutron warhead in Western Europe.

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[redacted] A senior official of the Swedish Foreign Ministry informed the Soviet Ambassador earlier last week of Sweden's "anxiety and dissatisfaction" over the presence in the Baltic of six submarines armed with nuclear missiles. Swedish officials explained their sudden concern by saying that the submarines' presence, now apparently permanent, could encourage NATO to introduce similar weapons into the area. The Foreign Ministry official told the Soviet Ambassador that Sweden considers the submarines to be a "whole new weapons system" in the area and that their nuclear armament contradicts Moscow's professed wish for a nuclear free zone in the northern region.

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[redacted] The basing in the Baltic eliminates the need for the submarines to make the dangerous week-long transit from the Northern Fleet around Norway to get within range of many West European targets. [redacted]

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[redacted] The Swedes may be trying to demonstrate how tough and balanced their neutrality can be in advance of planned Foreign Ministry meetings with the Soviets this year. Swedish officials are expected to meet shortly with Soviet Deputy Foreign Minister Zemskov, the usually hard-line Soviet official who smoothed over

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[redacted]

Norwegian-Soviet relations following Premier Kosygin's blast in December against Norway's role in NATO. Foreign Minister Soder will visit the USSR later in the year.

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[redacted] The Swedish Government may also have shown its concern in order to head off further criticism from the opposition Social Democrats who, in a parliamentary debate later this month, are already expected to try to embarrass the government by charging that its opposition to the development and deployment of the neutron warhead in NATO countries has been only lukewarm. The government also may be reacting against President Brezhnev's letter urging opposition to the neutron warhead, which the Swedes have criticized as a Soviet effort to manipulate their foreign policy.

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[redacted] TASS political commentator Yuriy Kornilov yesterday noted the "noisy propoganda campaign" in Sweden over the issue of the Soviet submarines in the Baltic. He defended their presence there as "quite natural" and termed the alleged campaign an attempt to "whitewash the actions of those forces that would like to turn Western Europe into a testing range for neutron weapons." [redacted]

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**NORTH KOREA: Protest Statement**

25X1 [ ] *North Korea has strongly protested a joint South Korean - US military exercise, Team Spirit '78, that begins today. Pyongyang has characterized the exercise as a serious attempt by the US to threaten the North, but the rhetoric stops short of that used in August 1976, just prior to the Panmunjom incident, when the North Koreans charged that the US was actively preparing to attack.*

25X1 [ ] A protest statement yesterday by a Foreign Ministry spokesman was the first official North Korean pronouncement prompted by US military actions on the peninsula since mid-1976. Between 1974 and 1976 the North routinely issued several such statements each year.

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[redacted] North Korea has been stepping up its diplomatic activity around the world in an apparent effort to regain the initiative in its competition with South Korea. The North clearly hopes to exploit the South Korean - US exercise in its diplomatic and propaganda campaigns.

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#### CHINA: United Front Campaign

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[redacted] *The Chinese Government is now emphasizing "united front" tactics--cooperation with non-Communists--in its 30-year-old struggle to gain control of Taiwan. Peking apparently sees the "united front" campaign as part of a long-term "softening up" process during which it will highlight political rather than military means to achieve the integration of Taiwan with the mainland.*

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[redacted] //The Chinese have emphasized political action against the Nationalist Chinese government on Taiwan since the fall of the "gang of four" in October 1976. [redacted]

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[redacted] Isolation of the Nationalist Government also is a publicly proclaimed goal of Peking's new, more open policy toward overseas Chinese. By emphasizing patriotism and an orderly China that extends a warm welcome to "compatriots from Taiwan," Peking hopes to recruit more supporters from overseas Chinese communities throughout the world, and to tap the pool of professional and technical people who have left Taiwan over the years. Peking's recent publication of the rewards to be given military defectors from Taiwan is another facet of the broad effort to undermine Taipei's prestige and play on any grievances among the island's citizens.

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[redacted] In the US, Peking hopes to use increased influence in the Chinese-American community to generate broad support for normalization of Sino-US relations. This long-term approach seems to reflect recognition of the resistance that normalization

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[redacted]

faces in the US. It includes promoting the establishment of pro-Peking organizations in the US and placing advertisements in leading US newspapers urging early normalization. In its own publications, Peking also has been attempting to improve its image by painting China's future in glowing colors and emphasizing the government's unity and stability.

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[redacted] Peking in the past has achieved only limited success in gaining the allegiance of pro-Taipei overseas Chinese. While overseas Chinese sometimes exhibit pride at Chinese accomplishments such as space satellites and the development of atomic weapons, they often remain suspicious of Peking's intentions. This is particularly true of overseas Chinese businessmen, many of whom had relatives in China who lost property or were otherwise mistreated during past political campaigns.

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[redacted] A speech last month by Liao Cheng-chih, an important official in overseas Chinese affairs, took these concerns into account by playing down any hostility to the "bourgeoisie" and emphasizing that visits to China would not entail any risks to property or personal safety. Liao also stressed the importance of the "united front" in completing China's reunification. He attempted to reassure the people of Taiwan that reunification would not hurt their interests.

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[redacted] Peking's increased activity faces vigorous competition from Taipei's own efforts to maintain or improve its influence among the overseas Chinese. While professing unconcern about Peking's effort, the Nationalists will probably increase their activity in order to meet the challenge. Although the Nationalist Government faces more vigorous political opposition at home, few people on Taiwan endorse the island's integration with the mainland. [redacted]

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#### CHINA-UN: Session on Disarmament

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[redacted] *China is preparing to participate in the special UN General Assembly session on disarmament in May. This will be the first time the Chinese have become involved in any of the UN's disarmament forums.*

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[redacted] We do not expect the Chinese to present any new proposals at the session. China's UN representatives, who have been uncharacteristically active in recent weeks informing themselves on the disarmament issue, have stated that the basic Chinese

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position remains unchanged. That position calls for the nuclear powers to declare that they will not be the first to use nuclear weapons. The Chinese also advocate the eventual destruction of all nuclear weapons.

25X1 [redacted] Peking will probably try to mobilize Third World support behind its call for total nuclear disarmament and its criticisms of the strategic arms limitation talks. While the Chinese consider SALT a "fraudulent" exercise by both the USSR and the US, they doubtless will aim their sharpest rhetorical barbs at the Soviets.

25X1 [redacted] China also apparently wants to improve its image as a responsible nuclear power. Foreign Minister Huang Hua told a Western leader last month that Peking had turned down a Libyan request to buy an atomic bomb. [redacted]

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Guatemala

Returns from Guatemala's presidential election on Sunday have been delayed and clouded by charges of fraud in the Guatemala City mayoral vote that was held at the same time. The elections apparently were conducted without violence.

Fernando Romeo Lucas, the government's candidate, and conservative candidate and former chief of government Enrique Peralta Azurdia are running a surprisingly close race. The lead has seesawed between them. Ricardo Peralta Mendez--whose Christian Democratic party won a plurality in the last presidential election but was denied victory by vote rigging--is unexpectedly running a distant third. With close to one-half of the anticipated returns announced, Lucas and Peralta Azurdia have 37 percent each, and Peralta Mendez trails at 26 percent.

Peralta Mendez will probably disavow the results; he has previously said he would encourage civil violence if he felt he had been defrauded. If his position in the race were to remain poor, however, he would have to persuade followers that a massive fraud--which is not apparent at present--had been perpetrated.

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